

# TRUBION™

PHARMACEUTICALS



March 22, 2005  
Gary M. Jackson  
Assistant Administrator for Size Standards  
Office of Size Standards  
Small Business Administration  
409 Third Street, SW  
Washington, DC 20416

**Re: Proposed Rulemaking Affecting SBIR Funding**

Dear Mr. Jackson:

On behalf of Trubion Pharmaceuticals, Inc., I want to thank you for the opportunity to comment on the Small Business Administration's (SBA) Advance Notice of Proposed Rulemaking (ANPRM) regarding the participation of businesses in the SBIR program that are majority-owned by one or more venture capital companies (VCC).

Trubion typifies the small business that the SBIR program was created to help, a small business working to commercialize new technologies in the biotech field. Companies such as ours normally receive SBIR grants to fuel the research and development that lead to the commercialization of a technology. Along with SBIR funding our company has received crucial financial support from venture capital firms. Without venture capital support it is highly unlikely our technology would be fully commercialized. It is for this reason I believe it is vital that venture backed small businesses such as mine, be allowed to participate in the SBIR grant program.

I understand the 51% Rule now allows an SBIR award recipient to be owned by a VCC, as long as the VCC is itself owned and controlled by U.S. individuals. Applicants who meet the ownership criteria in the 51% Rule, however, are still subject to SBIR size standards, most significantly, limiting the number of employees of the applicant and its affiliates to 500. The SBA is now seeking comment as to whether VCCs should be excluded from this definition of affiliate when determining small business eligibility for the SBIR program.

While I applaud the SBA's recognition in the 51% Rule that a business concern can be technically both majority-owned by VCCs and still eligible to receive an SBIR award, it does not fully accomplish the goals of Small Business Innovation Development Act (SBIDA), since the majority of limited partners in a VCC are not individuals even if in such cases, as in pension funds, they represent the interests of individuals. I believe that a pragmatic framework that reasonably allows VCC-financed small businesses to receive SBIR



grants is still several steps away. **We believe that the SBA should (1) provide an exclusion from affiliation with VCCs in determining small business eligibility and (2) further extend an exception to the 51% Rule to include VCCs in the definition of "individuals."**

It is important for our economy and more specifically; our healthcare industry, that small businesses are given every opportunity to commercialize new technologies and create jobs in the U.S. The symbiotic relationship between public and private investment in small businesses through venture capital funding and SBIR grants provide the biotech industry a competitive advantage over that of other countries.

Venture capital is the life-blood of small companies focused on capital intensive research and development. 2003 VC investment was \$18.1B with the majority of dollars going to R&D intensive sectors such as biotechnology, communications and software development. As both a physician and the CEO of a Biopharmaceutical Company; the funding of such industries is vital not only to our success but to the success other such companies bringing innovative therapeutics forward to address the needs of our patients.

I appreciate the opportunity to comment on this matter which is very important to our industry.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter A. Thompson", is written over the word "Sincerely,".

Peter A. Thompson, MD, FACP  
CEO & President  
Trubion Pharmaceuticals

cc: Senator Patty Murray  
Senator Maria Cantwell  
Congressman Jim McDermott  
Congressman Adam Smith  
Congressman Jay Inslee  
Congressman David Reichert